

**PUBLIC SERVICE COMMISSION OF WISCONSIN**

Application of Wisconsin Public Service Corporation for Authority to
Adjust Electric and Natural Gas Rates

6690-UR-120

FINAL DECISION

This is the Final Decision in the application of Wisconsin Public Service Corporation (WPSC) to reopen docket 6690-UR-120 to consider specific issues, and establish new electric and natural gas rates for 2012.

Final overall rate changes are authorized consisting of an \$8,089,000 overall annual increase for Wisconsin retail electric operations, a 0.85 percent increase, and a \$7,166,000 annual rate decrease for Wisconsin retail natural gas operations, a 1.98 percent decrease, for the test year ending December 31, 2012.

Introduction

On January 13, 2011, the Commission issued its Final Decision in docket 6690-UR-120, which authorized WPSC to file for a limited reopener rate case for the 2012 test year.

In that *Final Decision*, the Commission authorized WPSC to file a reopener case limited to the following issues: (1) changes in the cost of fuel, purchased power, opportunity sales, interruptible credits, American Transmission Company (ATC) and Midwest Independent Transmission System Operator, Inc. (MISO) network transmission costs, and other related costs; (2) amortizations of costs and credits deferred in 2010 and 2011 for sulfur dioxide (SO₂) and nitrous oxides (NO_x) emission allowances; (3) amortization of amounts deferred in 2010 under the electric and natural gas Revenue Stabilization Mechanisms (RSMs); (4) increased Focus on

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Energy (FOE) payments; and (5) the impacts of the new or significantly changed federal health care legislation.

On May 2, 2011, WPSC filed its application for a limited reopening of docket 6690-UR-120, requesting an increase of \$33.7 million or 3.51 percent for its electric utility, and an increase of \$1.1 million or 0.31 percent for its natural gas utility, for the 2012 test year. WPSC's requested increases were based on the items identified in its 2011 test year rate order, and related to fuel and purchased power costs, network transmission services costs, increased payments to FOE, and the expiration of the 2011 fuel cost refund. Subsequent to WPSC's filing for 2012 rate relief, Commission staff performed a review of WPSC's 2012 fuel costs and WPSC's filing for 2012 rate relief. Prehearing conferences were held on June 16, July 13, and July 25, 2011, to establish the issues and schedule in this docket. On August 19, 2011, in supplemental testimony, the utility withdrew its request for a rate increase for its natural gas utility and revised its requested increase for its electric utility to \$64.9 million, or 6.8 percent, to reflect its estimated costs of the Cross State Air Pollution Rules (CSAPR) compliance and Commission staff's proposed adjustments to its 2012 test year fuel costs. On October 19, 2011, a technical hearing was held in Madison on this docket, with public hearings in Green Bay and Wausau on November 9, 2011.

The Commission considered these matters at its open meeting of November 17, 2011. The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. Others who appeared are listed in the Commission's files.

Findings of Fact

1. Fuel cost adjustments that increase WPSC's filed test year monitored fuel costs by \$15,973,000 from the company's filed levels are reasonable.
2. A test year fuel rules cost of monitored fuel of \$363,809,000, or \$25.25 per megawatt-hour (MWh), is reasonable.
3. It is reasonable to monitor all fuel costs, excluding direct CSAPR compliance costs, using an annual bandwidth of plus or minus 2 percent.
4. It is reasonable to forecast the test year cost of spot coal and natural gas used for electric generation purposes by using the November 4, 2011, New York Mercantile Exchange (NYMEX) futures prices.
5. It is reasonable to defer direct CSAPR compliance costs with a zero percent tolerance band, and with carrying costs at the utility's authorized cost of short-term debt.
6. It is reasonable to direct Commission staff, WPSC, the Citizens Utility Board (CUB), and other interested intervenors who participated in this proceeding to work together to develop a specific definition of direct CSAPR compliance costs. In the event that Commission staff and WPSC or CUB disagree with respect to the definition of direct CSAPR compliance costs, authority will be delegated to the Administrator of the Gas and Energy Division to resolve any such disagreements.
7. It is reasonable to require WPSC to keep Commission staff apprised of its CSAPR compliance strategy and any changes thereto, and the associated compliance costs, by meeting regularly with Commission staff to discuss its compliance strategy and by providing supporting documentation for all deferred direct CSAPR compliance costs reported in its monthly fuel cost

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reports so that Commission staff can report quarterly to the Commission on CSAPR compliance costs and strategies.

8. It is reasonable to include increased purchased capacity costs in the 2012 electric utility revenue requirements.

9. It is reasonable to offset the recovery of 2010 RSM under-collections with anticipated 2011 RSM over-collections, and to remove the amounts for 2009 under-collections and associated carrying costs, included in 2011 electric utility revenue requirement, from 2012 electric utility revenue requirements.

10. It is reasonable to reduce the 2012 Wisconsin retail electric revenue requirement by \$15,601,000 and the Wisconsin retail natural gas revenue requirement by \$7,166,000 to reflect the reduction to 2012 FOE payments agreed to by the parties in this docket.

11. It is reasonable for Commission staff to work with WPSC, CUB, and other interested intervenors who participated in this proceeding to develop a singular fuel plan filing for the 2013 test year.

12. It is reasonable to approve rates for electric service for the test year to achieve customer class changes in revenue as shown in Appendix B.

13. It is reasonable to authorize the Gas Revenue Stabilization Mechanism (GRSM) rates for 2012 equal to the current GRSM rates for recovery of costs associated with the under-recovery of the 2010 annual margin revenue.

14. It is reasonable to authorize rates for natural gas service reflecting the impact of reduced FOE payments in 2012 as shown in Appendix C.

15. It is not possible to cost-effectively spend the year-end 2011 energy efficiency stipulation balance plus the 2012 contributions by the end of 2012.

16. WPSC's 2012 contribution to FOE should be limited to 1.2 percent of gross operating revenues.

17. It is appropriate for WPSC's territory-wide programs to continue through December 31, 2013, or until funds are exhausted.

Conclusions of Law

The Commission concludes it has jurisdiction under Wis. Stat. §§ 1.12, 196.02, 196.025, 196.03, 196.19, 196.20, 196.21, 196.37, 196.374, 196.395, and 196.40 and Wis. Admin. Code chs. PSC 113, 116, and 134 to enter an order authorizing WPSC to place in effect the rates and rules for electric and natural gas utility service set forth in Appendices B and C, subject to the conditions specified in this Final Decision. Such rates and rules for electric and natural gas utility service in Appendices B and C are reasonable and appropriate as a matter of law.

Opinion

Fuel Costs

A reasonable test year level of monitored fuel costs is \$363,809,000, which reflects the costs of generation and purchased energy, less the revenues from opportunity sales of energy and capacity. The test year fuel cost divided by the test year estimate of native energy requirements of 14,409,534 MWh results in an average net monitored fuel cost per MWh of \$25.25.

Any cost for purchased capacity that is required to meet reserve requirements is excluded from monitored fuel costs and may only be adjusted in a full rate case. Firm transmission

associated with excluded capacity purchases, fuel handling, and ash disposal costs are excluded as well. Appendix D shows the monthly fuel costs to be used for monitoring purposes.

It is reasonable to monitor WPSC's fuel costs, excluding direct CSAPR compliance costs, using a plus or minus 2 percent bandwidth, as provided in Wis. Admin. Code PSC § 116.06(3). The level of uncertainty of non-CSAPR compliance fuel costs is not expected to be significantly changed due to the enactment of CSAPR, and non-CSAPR compliance fuel costs are not expected to be significantly more volatile in the test year than they have been in the recent past. The application of a 2 percent bandwidth is appropriate for these fuel costs.

The fuel cost data in Appendix D, (which does not include any costs for compliance with CSAPR), shall be used for monitoring WPSC's 2012 non-CASPR fuel costs. The revenue requirements treatment of direct CSAPR compliance costs is discussed below.

Spot Coal and Natural Gas Costs

The Commission accepted the estimated spot coal and natural gas costs based on 2012 NYMEX futures prices from November 4, 2011, per the company's fuel commodity cost update delayed exhibit.

Increased Purchased Capacity Costs

The Commission's *Final Decision* in this proceeding, dated January 13, 2011, authorized WPSC to file a reopener case for a 2012 test year that included authorization for changes to, among other items, "the cost of fuel, purchased power, opportunity sales, interruptible credits, ATC and MISO transmission costs, and other related costs." WPSC included in its filing, \$6.8 million of increased purchased capacity costs (\$5.3 million on a Wisconsin retail basis), which Commission staff also included in its proposed revenue requirements. CUB witness

Richard Hahn maintained that WPSC should not be allowed to recover these costs, as the fuel rules expressly exclude consideration of capacity purchases that are designed to satisfy a utility planning reserve margin. Thus, such capacity costs could not be included if this were a fuel-only case. The Commission considers it reasonable to include these costs in revenue requirement as this is more than a fuel case, and the reopener order point is sufficiently broad to allow purchased capacity costs to be included in the revenue requirements.

Network Transmission Service Costs

WPSC's network transmission services fees included in the Wisconsin retail revenue requirement in 2012 will be \$99,116,000. Because the 2012 level of network services is a known amount, the Commission finds it reasonable to allow WPSC to increase the incremental amount of network services fees in rates in this proceeding. It is reasonable to increase the Wisconsin retail revenue requirement by \$1,672,000 to reflect the increase in these costs. Any refunds from ATC associated with its network services fees shall be deferred until they can be returned to ratepayers.

Cross State Air Pollution Rules Compliance Costs

The U.S. Environmental Protection Agency (EPA) issued a final version of the CSAPR on July 6, 2011, and published it as a final rule in the *Federal Register* on August 8, 2011. The EPA has proposed revisions to the final rule. This rule replaces EPA's 2005 Clean Air Interstate Rule, and is designed to address the transport of air pollution across state boundaries for 27 eastern states. CSAPR establishes new, more stringent levels of allotted SO₂ emission allowances for the states, including Wisconsin and its utilities. Utilities may meet the new emission standards in several ways, which include retiring older generating plants, changing the dispatch of plants,

purchasing power from other utilities, installing pollution-control equipment, and purchasing allowances through a limited trading program. It should be noted that to date, the volumes of emission allowances traded have been very limited. It is not clear how many emission allowances will be available for purchase during the test year, and at what price. Pending legal challenges to CSAPR also make estimates of its 2012 cost impacts uncertain. It is possible that CSAPR implementation could be delayed to exclude part or all of the test year, or that the rule could be modified.

In light of this uncertainty, Commission staff offered the Commission several options to consider with respect to the revenue requirements treatment of CSAPR compliance costs and also noted that the Commission could use a hybrid of these methods or a totally different approach, if it wished. The alternatives offered were: (1) no deferral of incremental CSAPR-related fuel costs or tightening of the fuel rules bandwidth; (2) no deferral of incremental CSAPR-related fuel costs, but tighten the fuel rules bandwidth to 0.5 percent; (3) elimination of the fuel rules bandwidth for 2012, setting the bandwidth to plus or minus zero percent as requested by WPSC, and (4) deferral of incremental CSAPR-related fuel costs, without tightening of the fuel rules bandwidth, but excluding estimated CSAPR-related fuel costs from revenue requirement.

Given the high degree of uncertainty associated with the 2012 cost of CSAPR compliance, and the need to avoid raising customer costs unnecessarily, the Commission chose to not include any CSAPR-related costs in WPSC's 2012 revenue requirement. The Commission finds instead that it is reasonable to defer any direct 2012 CSAPR compliance costs. The Commission further finds that these costs should be considered with a zero percent bandwidth as permitted by Wis.

Admin Code PSC § 116.06(3). A zero percent bandwidth will ensure that neither the ratepayers nor the shareholders are at risk for over- or under-payment for prudently incurred costs.

Direct CSAPR compliance costs include, but are not limited to: (1) the actual cost of allowances purchased and used; (2) the incremental cost of purchased power agreements entered into solely for CSAPR compliance purposes; (3) the costs associated with the re-dispatch of plants for CSAPR compliance purposes; (4) plus or minus the increased or decreased costs for coal that is lower or higher in SO₂, as compared to what is included in monitored fuel costs; and (5) minus any revenues received from the sale of emission allowances. The utility is also authorized to accrue carrying costs on any deferred CSAPR balances, at the utility's authorized short-term debt rate until the collection of any deferred amounts is concluded.

Commission staff is to work with WPSC, CUB, and other interested intervenors who participate in this proceeding to work out the details of the deferral mechanism. If disagreements arise between WPSC, CUB, other intervenors and Commission staff as to the details of the deferral mechanism, the Administrator of the Gas and Energy Division will resolve any such disagreements.

WPSC is to meet with Commission staff on a regular basis to keep staff apprised of the strategies being used to comply with CSAPR, any changes to those CSAPR compliance strategies, and the related compliance costs incurred or to be incurred. WPSC is also to provide supporting documentation for any deferred direct CSAPR compliance costs reported in its monthly fuel cost reports so that Commission staff can report quarterly to the Commission on CSAPR costs and strategies.

CUB requested that WPSC be required to participate in a statewide collaborative designed to examine least-cost options for CSAPR compliance. Because of the very limited time to organize such a collaborative before CSAPR takes effect, and the potential uniqueness of each utility's compliance strategy, the Commission decided against requiring WPSC to participate in such a collaborative.

CUB also requested that WPSC be required to file a singular fuel plan for the 2013 test year and to include the information requested by CUB in the annual fuel cost plan and monthly fuel reports. The Commission decided against requiring the filing of a singular fuel plan, but directed Commission staff to work with WPSC, CUB, and other interested intervenors who participated in this proceeding to develop a singular fuel plan for the 2013 test year.

Revenue Stability Mechanism

In 2011, \$14,437,000 was included in revenue requirements for 2009 RSM under-collections and carrying costs. As the utility should be made whole for these under-collections with the amounts provided in 2011 revenue requirements, it is reasonable to remove this item from 2012 revenue requirements. It is also reasonable to offset the 2010 actual RSM under-collections and carrying costs of \$14,060,000 with the anticipated 2011 over-collections and carrying costs of \$14,060,000. It should be noted that the maximum annual amount that can be deferred under the RSM is \$14,000,000 plus associated carrying costs. In 2010, the utility deferred the maximum allowable amount for *under-collections*, just as it anticipates deferring the maximum allowable amount for *over-collections* in 2011. In the event WPSC's actual 2011 RSM over-collections are less than \$14 million, it would be allowed to defer

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the difference between actual 2011 over-collections and the current estimate of \$14 million, with carrying costs at its current authorized cost of short-term debt.

Revenue Requirement

On the basis of the findings of this Final Decision, an increase of \$8,089,000 in overall Wisconsin retail electric utility revenues and a \$7,166,000 decrease in Wisconsin retail natural gas utility revenues are reasonable for the purposes of determining reasonable and just rates and are summarized as follows:

Incremental Revenue Requirement from 2011 to 2012

Description	Electric WI Retail	Natural Gas WI Retail
Monitored Fuel Costs	\$11,790,000	
Coal Handling Costs	(227,000)	
Ash Disposal Costs	804,000	
Remove Interruptible Credit by Jurisdiction	260,000	
Impact of Change in Capacity Purchases	5,309,000	
ATC Network Charges	1,971,000	
MISO Network Charges	(300,000)	
Remove Fuel Refund in 2011 for 2012	15,239,000	
Amortization of Remaining Deferred Allowance Costs & Credits	(757,000)	
Amortization of 2010 RSM	14,060,000	
Remove 2009 RSM Amortization In 2011 for 2012	(14,437,000)	
Amortization of Remaining 2009 RSM	505,000	
Incremental Amortization for 2012 deferred FOE payments	3,866,000	
KNPP Non Qualified Decomm. Fund - Additional Credits	(38,000)	
KNPP Contingent Loss Amortization	(295,000)	
Electric Requirement Impact in 2010	37,750,000	
Reduce 2012 Wisconsin FOE Payments	(15,601,000)	(7,166,000)
Offset 2010 RSM Recovery With 2011 Over-collections	<u>(14,060,000)</u>	
 Total Revenue Requirement Impact in 2012	 8,089,000	 (\$7,166,000)

Other Deferrals

Generally accepted accounting principles provide that as part of the ratemaking process, and with reasonable assurance by a regulatory commission of future cost recovery, utilities sometimes may include allowable costs in a period other than the one in which those costs would be charged to expense by an unregulated enterprise. These differences usually relate to the timing of the recognition of a cost. The result of these timing differences is the creation of deferred accounts. As discussed above, the Commission's policy on deferred accounts is set forth in the Commission's SOP 94-01. Appendix E is a list of those deferred accounts approved for WPSC, the amortization period, and the amount of Wisconsin retail jurisdiction 2012 test year amortization expense.

Electric Rates

Electric Revenue Allocation

The electric revenue increase in this reopener uniquely included some credits associated with an RSM refund and FOE reductions in addition to increases in costs, which are mostly fuel-related. The credits that were proposed by WPSC generally apply to the RSM rate classes only. These rate classes include the residential, small commercial, medium commercial, and lighting customers that are all of the rate classes subject to WPSC's decoupling mechanism. These credits generally offset the increases for the RSM rate classes.

The Commission used electric cost-of-service studies along with the other information presented in this proceeding as a guide in determining revenue allocation and setting rates. The Commission routinely allocates revenue increases considering factors in addition to the

cost-of-service studies. These factors primarily included customer bill impacts and the state of the economy in light of the current recession and its effects on customers in WPSC's service territory. In this case, there also were credits associated with the RSM and FOE, which did not affect all of the rate classes. Based on the overall weighing of all of these factors, it is reasonable to assign the electric revenue changes for the major customer groups that include no increase for the RSM classes and an approximate 3.62 percent increase for the large commercial and industrial customer classes, as shown in Appendix B. The electric revenue allocation and rate design shown in Appendix B for all of WPSC's electric rate classes are reasonable and appropriately reflect the Commission's consideration of all of these factors.

Electric Rate Design

Commission staff's electric rate design as adjusted for the final revenue requirement and the revenue allocation summarized above is reasonable. Relatively uniform increases in both the demand and energy charge revenue will provide a more appropriate distribution of the increases for customers that have either higher or lower load factors than the class average. The fuel surcharge credit is eliminated effective January 1, 2012, as part of the authorized rate changes. All of the electric rates are shown in Appendix B.

Natural Gas Rates

Gas Revenue Stabilization Mechanism

On May 2, 2011, WPSC requested an increase in rates for amounts associated with the 2010 under-recovery of margin revenue that was greater than the 2009 under-recovery of margin revenue, pursuant to the tariffs on file with this Commission. WPSC revised its request and stated

that it would be willing to write down the 2010 regulatory asset to the amount recorded for 2009 as long as the Commission authorized GRSM rates in 2012 (for the 2010 regulatory asset amortization) equal to GRSM rates currently in effect for 2011 (for the 2009 regulatory asset amortization). To maintain the current GRSM rates, present tariffs must be revised to reflect recovery for the 2010 under-recovery of margin revenue and to revise the sunset provision to December 31, 2012. The Commission believes it is reasonable to authorize GRSM rates for 2012 equal to the current GRSM rates for the recovery of costs associated with the under-recovery of the 2010 annual margin revenue.

Focus on Energy Contribution Reduction

On September, 27, 2011, WPSC revised its gas rate request to a decrease of \$7,165,547. This decrease reflects WPSC's request to reduce its FOE contribution to the statutory standard of 1.2 percent of the company's revenues. The \$7,165,547 amount reflected the additional contribution to FOE pursuant to the energy efficiency stipulation between CUB and WPSC. This was an allowable expense included in the two-year base case. Rate recovery of the expense was based on a cost allocation based on the margin revenue of the decoupled service rate classes. The Commission finds that rate reductions similarly based on the margin revenue of the decoupled service rate classes are reasonable.

Decoupled Service Rate Classes

The additional FOE contributions were made for the benefit of the decoupled service rate classes, and consequently, the GRSM rates were associated with the decoupled service rate classes. Residential service and firm gas service to the smallest to medium commercial customers

comprise the decoupled service rate classes. The GSRM revisions and the rate adjustments for eliminating the allowance for additional FOE contributions will impact the decoupled service rate classes. All interruptible, transportation, and larger volume commercial rates remain unchanged. Overall, the natural gas rates authorized for WPSC in Appendix C of this Final Decision represent a decrease of 5.05 percent in margin rates and a decrease of 1.98 percent in total natural gas sales revenues. Because the rate decrease only affects the decoupled service rate classes, the natural gas rates authorized for WPSC in Appendix C of this Final Decision represent a decrease of 5.85 percent in margin rates and a decrease of 2.19 percent in total natural gas sales revenues to the decoupled service rate classes. The decrease does not impact any other service rate classes.

Margin rates exclude natural gas costs. Authorized rates as set forth in Appendix C are based on the cost of supplying natural gas service to the various service rate classes and other rate setting goals. Summaries of the rate impacts on a service rate class are shown in Appendix C. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated service rate class, but will depend on the specific usage level of the customer. Appendix C also shows some typical natural gas bills for residential service, comparing existing rates with new rates including the cost of natural gas.

Energy Efficiency Programs Funded Through the Energy Efficiency Stipulation

Funding Level

In its *Final Decision* in docket 6690-UR-119, dated December 30, 2008, the Commission conditionally approved, as part of a rate decoupling pilot, an energy efficiency stipulation between WPSC and CUB. This stipulation requires WPSC to contribute additional dollars to

FOE to provide enhanced energy efficiency services to WPSC's customers participating in the RSM. These services are comprised of territory-wide programs and three community pilots. Through 2011, the stipulation will have provided \$39,460,493 for these services. The additional 2012 contributions required by the stipulation will amount to \$15,623,218 for electric operations and \$7,193,587 for natural gas operations.

Since the inception of the energy efficiency programs in 2009 through May 31, 2011, a total of \$12,731,881 has been expended. If the 2012 contribution is collected, almost \$50 million would be available from June 1, 2011, through the end of the decoupling pilot on December 31, 2012. Without the 2012 contribution, the amount of dollars remaining for the territory-wide and community pilot programs from June 1, 2011, through the end of the pilot will be more than \$26 million. The Commission finds that, even with aggressive territory-wide programs, it is not possible to cost-effectively spend the year-end 2011 balance plus the 2012 contributions by the end of 2012. The Commission further finds that the carry-over funds alone from 2009-2011 will be adequate to provide substantially increased energy efficiency opportunities, meet the intent of the decoupling agreement, and not adversely affect the community pilot programs. WPSC's 2012 contribution to FOE should be limited to 1.2 percent of gross operating revenues consistent with 2005 Wisconsin Act 141 (Act 141).

Continuation of Territory-Wide Programs

Under the Energy Efficiency Stipulation, WPSC's territory-wide programs will terminate on December 31, 2012. To date, these territory-wide programs have underperformed. The FOE Program Administrator is taking steps to improve the performance of the territory-wide programs.

In order to coincide with the rebidding cycle for statewide FOE programs, major changes to WPSC's territory-wide programs will begin in January 2012 for Mass Market programs and May 2012 for Targeted Markets programs. Even with these more aggressive energy efficiency programs taking place in 2012, the Program Administrator indicates that it cannot cost-effectively spend the stipulation dollars that will have been collected through 2011 by the end of 2012. WPSC and CUB agreed to extend the programs past December 31, 2012, and suggested a termination date of June, 30, 2013.

One of the purposes of the territory-wide programs is to inform improvements to the statewide energy efficiency programs. The lack of performance and the designs of the current WPSC territory-wide programs, however, have provided little insight into potential future statewide program designs. An evaluation of the current programs was not able to quantify the energy savings attributable to the territory-wide programs. This was due not only to the lack of performance, but also to program designs consisting of bonuses on top of FOE offerings. Continuing these new programs past December 31, 2011, will allow the new programs to be offered for a long enough period of time to glean useful information regarding statewide program design.

The current decoupling pilot ends on December 31, 2012. The possibility exists that WPSC will request some type of decoupling mechanism in its next full rate case, which is expected to be for the 2013 test year. The Commission is concerned that because the new programs will not commence until 2012, sufficient information regarding the benefits of the current decoupling pilot will not be available to inform its consideration if a decoupling mechanism is proposed by WPSC for a 2013 test year. In order for this information to be available to the Commission for use in

decisions in a WPSC rate proceeding for a 2013 test year, the programs would need to be evaluated after just a few months of operation. It is unlikely, however, that an evaluation so soon after the launch of these programs would provide meaningful results.

The Program Administrator estimates that even under an aggressive program implementation scenario, there would still be about \$3 million in unspent stipulation funds if the territory-wide programs are extended through June 30, 2011. Because of the uncertainties in the ability to cost-effectively spend the existing stipulation funds if the program stops taking applications beyond June 30, 2013, the Commission finds it appropriate to continue the stipulation programs through December 31, 2013, or until the funding is exhausted, whichever comes first. This will also provide those customers participating in the RSM the maximum opportunity to avail themselves of the energy efficiency benefits of the decoupling pilot. Should WPSC propose and the Commission approve a decoupling mechanism for 2013 and 2014 that includes an energy efficiency component, the Commission could condition the approval for decoupling in 2014 on favorable results of the evaluation of the newly implemented territory-wide programs. Such a condition would require an interim evaluation of the 2012 territory-wide programs to be conducted the first quarter of 2013. The interim evaluation would provide the Commission information on the effect of energy efficiency expenditures, which are in addition to those required under Act 141, on the ability to increase energy efficiency savings in time to inform decisions for 2014.

Order

1. This Final Decision shall be effective January 1, 2012. The authorized electric and natural gas rates and rules shall be effective on the same date, provided that the rates are filed

with the Commission and placed in all offices and pay stations of the utility by that date. If the authorized rates and rules are not placed in all offices and pay stations by the effective date of this Final Decision, the rates shall become effective on the date that the rates are filed with the Commission and placed in all offices and pay stations.

2. WPSC is authorized to substitute for its existing rates for retail electric and natural gas service, the rate changes contained in Appendices B and C. These changes shall be in effect until the issuance of an order by the Commission establishing new rates.

3. WPSC shall prepare bill inserts that appropriately identify the rates authorized in this Final Decision. WPSC shall distribute the inserts to customers no later than the first billing containing these rates. WPSC shall file copies of these inserts with the Commission before it distributes the inserts to customers.

4. The fuel costs in Appendix D shall be used for monitoring of WPSC's 2012 non-CSAPR compliance fuel costs, pursuant to Wis. Admin. Code ch. PSC 116.06(3).

5. All non-CSAPR compliance fuel costs for 2012 shall be monitored using a plus or minus 2 percent tolerance band.

6. Direct CSAPR compliance costs shall be deferred with a zero percent tolerance band, and with carrying costs at the utility's authorized cost of short-term debt.

7. Commission staff, WPSC, CUB, and other interested intervenors who participated in this proceeding shall work together to develop a specific definition of direct CSAPR compliance costs. In the event that Commission staff and WPSC, CUB, or any interested intervenors disagree with respect to the definition of direct CSAPR compliance costs, authority

will be delegated to the Administrator of the Gas and Energy Division to resolve any such disagreements.

8. WPSC shall keep Commission staff apprised of its CSAPR compliance strategy and any changes thereto, and the associated compliance costs, by meeting regularly with Commission staff to discuss its compliance strategy and by providing supporting documentation for all deferred CSAPR compliance costs reported in its monthly fuel cost reports so that Commission staff can report quarterly to the Commission on CSAPR compliance costs and strategies.

9. The cost of spot coal and natural gas used for electric generating purposes shall be estimated by using the November 4, 2011, NYMEX futures prices.

10. Commission staff shall work with WPSC, CUB, and other interested intervenors who participated in this proceeding in developing a singular 2013 test year fuel plan.

11. WPSC is authorized to revise the GRSM tariff provisions for recovery of costs associated with the under-recovery of the 2010 annual margin revenue and to revise the sunset provision to December 31, 2012.

12. WPSC is authorized to reduce natural gas rates of the residential, standard commercial, small commercial, and medium commercial firm service rate classes to reflect reduced FOE payments in 2012 and to allocate the reduction based on test year margin revenues.

13. WPSC's contribution to FOE shall be limited to the Act 141 requirement of 1.2 percent of operating revenues.

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14. WPSC's energy efficiency stipulation programs shall be continued through December 31, 2013, or until funds are exhausted, whichever comes first.

15. Jurisdiction is retained.

Dated at Madison, Wisconsin, December 9, 2011

By the Commission:



Sandra J. Paske
Secretary to the Commission

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Attachments

See attached Notice of Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of mailing of this decision, as provided in Wis. Stat. § 227.49. The mailing date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of mailing of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of mailing of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission mailed its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: December 17, 2008

¹ See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPENDIX A
(CONTESTED)

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

PUBLIC SERVICE COMMISSION OF WISCONSIN
(Not a party, but documents must be filed with the Commission)
610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854
Please file documents using the Electronic Regulatory Filing (ERF) system which may be accessed through the PSC website: <http://psc.wi.gov>.

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Appendix B

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC REVENUE BY RATE CLASS

Rate Classes	Rate Schedule	Present Revenue	Authorized Revenue	Revenue Change	Percent Change
Residential Classes					
Residential Urban	Rg-1	\$216,685,259	\$216,685,259	\$0	0.0%
Residential Rural	Rg-2	119,554,810	119,554,810	0	0.0%
Urban Res. Optional 2-part TOU	Rg-3-OTOU	7,695,337	\$7,695,337	0	0.0%
Rural Res. Optional 2-part TOU	Rg-4-OTOU	10,526,907	10,526,907	0	0.0%
Urban Res. Optional 3-part TOU	Rg-5-OTOU	257,379	257,379	0	0.0%
Rural Res. Optional 3-part TOU	Rg-6-OTOU	226,193	226,193	0	0.0%
		\$354,945,885	\$354,945,885	\$0	0.0%
Small Commercial Classes					
Small C&I - Urban (<50 KW)	Cg-1	\$75,330,652	\$75,330,652	\$0	0.0%
Small C&I - Rural (<50 KW)	Cg-2	32,884,569	32,884,569	0	0.0%
Urban Small C&I Optional TOU	Cg-3-OTOU	5,423,721	5,423,721	0	0.0%
Rural Small C&I Optional TOU	Cg-4-OTOU	4,090,501	4,090,501	0	0.0%
		\$117,729,443	\$117,729,443	\$0	0.0%
Medium Commercial & Industrial					
Small C&I - Rural (50 < KW> 100)	Cg-5	\$36,586,917	\$36,586,917	\$0	0.0%
Cg TOU 100-1000 kW	Cg-20-TOU	204,686,868	204,686,868	0	0.0%
		\$241,273,785	\$241,273,785	\$0	0.0%
Large Commercial & Industrial					
Cp Class	Cp	\$223,394,768	\$231,485,502	\$8,090,734	3.62%
		\$223,394,768	\$231,485,502	\$8,090,734	3.62%
Misc Rate Schedules					
Automatic Transfer Switch	ATS-1	67,620	67,620	0	0.0%
Parallel Generation	Pg	480	480	0	0.0%
Naturewise-Residential	NAT-R	199,013	199,013	0	0.0%
Naturewise-Commercial	NAT-C	410,947	410,947	0	0.0%
		\$678,060	\$678,060	\$0	
Lighting					
Lighting Service	LS-1	\$16,017,072	\$16,014,711	(\$2,361)	-0.01%
Municipal Ornamental Street Lighting	Ms-31	10,397	10,397	0	0.0%
		\$16,027,469	\$16,025,108	(\$2,361)	-0.01%
Total Revenue					
		\$954,049,411	\$962,137,784	\$8,088,373	0.85%

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
---	--------------------------	-----------------------------

Rg-1 RESIDENTIAL - Urban

Energy Charge (per kWh)	\$0.12209	\$0.12061
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-2 RESIDENTIAL - Rural

Energy Charge (per kWh)	\$0.12209	\$0.12061
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-3 OTOU RESIDENTIAL**OPTIONAL TOU - Urban**

Energy Charge (per kWh):		
On Peak	\$0.20887	\$0.20739
Off Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-4 OTOU RESIDENTIAL**OPTIONAL TOU - Rural**

Energy Charge (per kWh):		
On Peak	\$0.20887	\$0.20739
Off Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-5 OTOU URBAN RESIDENTIAL**OPTIONAL 3-Tier TOU**

Energy Charges:		
On-Peak	\$0.27624	\$0.27476
Standard	\$0.12209	\$0.12061
Off-Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-6 OTOU RURAL RESIDENTIAL**OPTIONAL 3-Tier TOU**

Energy Charges:		
On-Peak	\$0.27624	\$0.27476
Standard	\$0.12209	\$0.12061
Off-Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
Cg-1 SMALL C&I (<50 KW)		
Energy Charge (per kWh)	\$0.12209	\$0.12061
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Cg-2 SMALL C&I (<50 KW)		
Energy Charge (per kWh)	\$0.12209	\$0.12061
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Cg-5 SMALL C&I (50 < KW > 100)		
Energy Charge (per kWh)	\$0.10472	\$0.10324
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Cg-3 OTOU C&I OPTIONAL TOU - Urban		
Energy Charge (per kWh):		
On Peak	\$0.20887	\$0.20739
Off Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Cg-4 OTOU C&I OPTIONAL TOU - Rural		
Energy Charge (per kWh):		
On Peak	\$0.20887	\$0.20739
Off Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Cg-20-TOU C&I (100-1000 kW)		
Energy Charge (per kWh):		
On Peak	\$0.07380	\$0.07232
Off Peak	\$0.04460	\$0.04312
Energy Limiter	\$0.17342	\$0.17194
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions		Present Rates	Authorized Rates
Cp LARGE C&I (>1000 kW)			
Equivalent Monthly Customer Charge:	Secondary	\$341.00	\$341.00
	Primary	398.00	398.00
	Transmission	909.00	909.00
Daily Customer Charge:	Secondary	\$11.2110	\$11.2110
	Primary	\$13.0849	\$13.0849
	Transmission	\$29.8849	\$29.8849
Distribution Demand Charge:			
Secondary		\$2.080	\$2.080
Primary		\$1.830	\$1.830
Substation - Transformer Capacity Charge:			
Transmission		\$0.583	\$0.583
Standby Demand Charge		\$3.50	\$3.50
System Demand Charge:			
Peak:			
Summer (Sec.)		\$11.062	\$11.355
Summer (Pri.)		10.773	11.179
Summer (Trans.)		10.606	11.006
Winter (Sec.)		6.085	6.254
Winter (Pri.)		5.926	6.157
Winter (Trans.)		5.834	6.062
Intermediate:			
Summer (Sec.)		\$8.297	\$8.516
Summer (Pri.)		8.080	8.384
Summer (Trans.)		7.955	8.255
Winter (Sec.)		4.564	4.691
Winter (Pri.)		4.445	4.618
Winter (Trans.)		4.376	4.547

(Continued on next page)

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
Cp LARGE C&I (>1000 kW) -- continued		
Interruptible Demand Charge ¹		
Summer (Sec.)	\$4.761	\$5.054
Summer (Pri.)	4.472	4.878
Summer (Trans.)	4.305	4.705
Winter (Sec.)	2.934	3.103
Winter (Pri.)	2.775	3.006
Winter (Trans.)	2.683	2.911
Interruptible Credit ¹		
Summer	(6.301)	(6.301)
Winter	(3.151)	(3.151)
Note ¹ Interruptible Demand = Net of Firm Demand & Interruptible Credit		
Energy Charge:		
On-Peak (Secondary)	\$0.06206	\$0.06272
On-Peak (Primary)	0.06080	0.06144
On-Peak (Transmission)	0.06006	0.06069
Off-Peak (Secondary)	0.03514	0.03484
Off-Peak (Primary)	0.03442	0.03413
Off-Peak (Transmission)	0.03400	0.03372
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000
Power Factor Discount (Pri, Sec, Trans)	92.44%	92.44%

LS-1 STREET LIGHTING

----- Company Owned -----		
Sodium Vapor		
9,000 Lumens (100W)	17.57	17.52
14,000 Lumens (150W)	20.08	20.00
27,000 Lumens (250 W)	24.79	24.65
45,000 Lumens (400W)	33.28	33.06
Metal Halide		
8,500 Lumens (150W)	23.64	23.55
26,000 Lumens (350W)	30.08	29.88
36,000 Lumens (400W)	33.28	33.06

(Continued on next page)

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES**

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
LS-1 STREET LIGHTING -- (continued)		
----- Customer Owned -----		
Sodium Vapor		
9,000 Lumens (100W) Area	12.98	12.93
9,000 Lumens (100W)	12.01	11.96
14,000 Lumens (150W) Area	15.84	15.76
14,000 Lumens (150W)	14.16	14.08
27,000 Lumens (250 W) Directional	30.05	29.90
27,000 Lumens (250 W)	18.13	18.00
45,000 Lumens (400W) Directional	36.78	36.56
45,000 Lumens (400W)	22.26	22.04
Metal Halide		
8,500 Lumens (150W)	16.91	16.82
26,000 Lumens (350W)	21.24	21.04
36,000 Lumens (400W) Directional	32.11	31.91
36,000 Lumens (400W)	36.52	36.30
110,000 Lumens (1000 W)	55.50	55.00
----- Common -----		
Wood Poles	5.08	5.08
Fiberglass Poles 25' / 20'	8.47	8.47
Fiberglass Poles 30' / 25'	10.94	10.94
Fiberglass Poles 35' / 30'	13.70	13.70
Fiberglass Poles 40' / 35'	22.79	22.79
Spans	2.24	2.24
Excess Footage - Mast Arm	0.23	0.23
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Ms-31 MUNICIPAL ORNAMENTAL LIGHTING

(Closed)		
Energy Charge	\$0.06676	\$0.06528
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
---	--------------------------	-----------------------------

Rg-RR, RESPONSE REWARDS

All Customer Charges	Same as Rg	Same as Rg
Energy Charges:		
Critical Peak	\$1.00000	\$1.00000
On-Peak	\$0.22607	\$0.22459
Off-Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg-FR, RESPONSE REWARDS

All Customer Charges	Same as Rg	Same as Rg
Energy Charges:		
Critical Peak	\$1.00000	\$1.00000
Flat Rate	\$0.11650	\$0.11500
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Rg - Conservation Rate

All Customer Charges	Same as Rg	Same as Rg
Energy Charges:		
First 1000 kWh	\$0.10000	\$0.09852
Additional kWh	\$0.17500	\$0.17352
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Cg-1-RR, RESPONSE REWARDS

All Customer Charges	Same as Cg-1	Same as Cg-1
Energy Charges:		
Critical Peak	\$1.00000	\$1.00000
On-Peak	\$0.22607	\$0.22459
Off-Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Cg-2-RR, RESPONSE REWARDS

All Customer Charges	Same as Cg-2	Same as Cg-2
Energy Charges:		
Critical Peak	\$1.00000	\$1.00000
On-Peak	\$0.22607	\$0.22459
Off-Peak	\$0.06990	\$0.06842
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
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Cg-5-RR, RESPONSE REWARDS

All Customer Charges	Same as Cg-5	Same as Cg-5
Energy Charges:		
Critical Peak	\$1.00000	\$1.00000
On-Peak	\$0.16300	\$0.16152
Off-Peak	\$0.06548	\$0.06400
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Cp-RR RESPONSE REWARDS

All Customer Charges	Same as Cp	Same as Cp
System Demand Charge:		
Peak:		
Summer (Sec.)	\$8.297	\$8.516
Summer (Pri.)	8.080	8.384
Summer (Trans.)	7.955	8.255
Winter (Sec.)	4.564	4.691
Winter (Pri.)	4.445	4.618
Winter (Trans.)	4.376	4.547
Intermediate:		
Summer (Sec.)	\$6.223	\$6.387
Summer (Pri.)	6.060	6.288
Summer (Trans.)	5.966	6.191
Winter (Sec.)	3.423	3.518
Winter (Pri.)	3.334	3.464
Winter (Trans.)	3.282	3.410
Energy Charge:		
Critical (Sec.)	\$0.40000	\$0.40000
Critical (Pri.)	\$0.38941	\$0.38940
Critical (Trans.)	\$0.38411	\$0.38410
On-Peak (Sec.)	\$0.04488	\$0.04399
On-Peak (Pri.)	\$0.04369	\$0.04283
On-Peak (Trans.)	\$0.04310	\$0.04225
Off-Peak (Sec.)	\$0.03187	\$0.03161
Off-Peak (Pri.)	\$0.03102	\$0.03077
Off-Peak (Trans.)	\$0.03060	\$0.03035
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

**Wisconsin Public Service Corporation
SUMMARY OF ELECTRIC RATE CHANGES**

Rate Schedules, Rate Classes & Rate Descriptions	Present Rates	Authorized Rates
---	--------------------------	-----------------------------

Cp-ND NEXT DAY PRICING OPTION

System Demand Charges:	Same as Cp	Same as Cp
Off-Peak Charges	Same as Cp	Same as Cp
On-Peak Charges:		
Critical Day		
Secondary	\$0.14135	\$0.11293
Primary	\$0.13848	\$0.11063
Transmission	\$0.13680	\$0.10929
Peak Day		
Secondary	\$0.07809	\$0.07734
Primary	\$0.07651	\$0.07576
Transmission	\$0.07558	\$0.07484
Mid-Economy Day		
Secondary	\$0.05348	\$0.06201
Primary	\$0.05239	\$0.06075
Transmission	\$0.05175	\$0.06001
Economy Day		
Secondary	\$0.03830	\$0.02700
Primary	\$0.03752	\$0.02644
Transmission	\$0.03706	\$0.02612
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Cg-20 RESPONSE REWARDS

All Customer Charges	Same as Cg-20	Same as Cg-20
System Demand Charges:		
Summer	\$8.149	\$8.149
Winter	\$5.585	\$5.585
Energy Charges:		
Critical Peak	\$0.40000	\$0.39852
On-Peak	\$0.04788	\$0.04640
Off-Peak	\$0.04000	\$0.03852
Fuel Cost Over-Recovery Credit (per kWh)	(\$0.00148)	\$0.00000

Note: The 2012 electric rates include No RSM surcharge in the energy and demand charges.

Appendix C

Wisconsin Public Service Corporation

Present and Authorized Distribution Service Revenue by Customer Class

Distribution Classes and Other Cost Categories	Volumes	Margin Revenue at Current Rates	Margin Revenue at Authorized Rates	Change from Revenue at Current Rates	Percent Margin Change
Residential					
Residential (Rg-3)	214,123,761	\$ 90,304,661	\$ 84,994,391	\$ (5,310,269)	(5.88)%
Residential - Seasonal (Rg-3)	1,072,474	\$ 648,561	\$ 621,964	\$ (26,597)	(4.10)%
Subtotal	215,196,235	\$ 90,953,222	\$ 85,616,356	\$ (5,336,867)	(5.87)%
Commercial & Industrial, Cg-ST (0 to 2,000)					
Firm Commercial (Cg-FST)	16,186,410	\$ 6,626,345	\$ 6,224,922	\$ (401,423)	(6.06)%
Seasonal Commercial (Cg-FST)	27,914	\$ 13,969	\$ 13,277	\$ (692)	(4.96)%
Subtotal Cg-ST	16,214,324	\$ 6,640,314	\$ 6,238,199	\$ (402,115)	(6.06)%
Commercial & Industrial, Cg-S (2,001 to 20,000)					
Firm Commercial (Cg-FS)	68,845,042	\$ 15,949,269	\$ 15,006,092	\$ (943,177)	(5.91)%
Seasonal Commercial (Cg-FS)	18,407	\$ 4,652	\$ 4,400	\$ (252)	(5.42)%
Transport Commercial (Cg-TS)	250,365	\$ 39,254	\$ 39,254	\$ -	-
Transport-A Commercial (Cg-TSA)	363,458	\$ 59,462	\$ 59,462	\$ -	-
Interdepartmental (Cg-FS)	1,362,000	\$ 259,584	\$ 240,925	\$ (18,659)	(7.19)%
Subtotal Cg-S	70,839,272	\$ 16,312,222	\$ 15,350,134	\$ (962,089)	(5.90)%
Commercial & Industrial, Cg-M (20,001 to 200,000)					
Firm Commercial (Cg-FM)	52,351,128	\$ 8,695,524	\$ 8,229,599	\$ (465,925)	(5.36)%
Interruptible Commercial (Cg-IM)	2,893,286	\$ 346,551	\$ 346,551	\$ -	-
Transport Commercial (Cg-TM)	23,503,332	\$ 2,351,285	\$ 2,351,285	\$ -	-
Transport-A Commercial (Cg-TMA)	7,529,750	\$ 874,022	\$ 874,022	\$ -	-
Season-Opp Commercial (Cg-SOS-M)	1,292,298	\$ 166,484	\$ 166,484	\$ -	-
Subtotal Cg-M	87,569,794	\$ 12,433,865	\$ 11,967,940	\$ (465,925)	(3.75)%
Commercial & Industrial, Cg-L (200,001 to 2,400,000)					
Firm Commercial (Cg-FL)	7,344,441	\$ 513,884	\$ 513,884	\$ -	-
Interruptible Commercial (Cg-IL)	6,645,086	\$ 495,097	\$ 495,097	\$ -	-
Transport Commercial (Cg-TL)	122,253,913	\$ 6,517,864	\$ 6,517,864	\$ -	-
Transport-A Commercial (Cg-TLA)	745,812	\$ 51,674	\$ 51,674	\$ -	-
Subtotal Cg-L	136,989,252	\$ 7,578,519	\$ 7,578,519	\$ -	-
Commercial & Industrial, Cg-SL (> 2,400,000)					
Subtotal Cg-SL	175,609,289	\$ 5,593,490	\$ 5,593,490	\$ -	-
Interruptible Electric Generation, Cg-IEG (200,000+)					
Interruptible Electric Generation (Cg-IEG)	853,000	\$ 227,469	\$ 227,469	\$ -	-
Power Department (Cg-IEG)	12,717,000	\$ 2,158,607	\$ 2,158,607	\$ -	-
Subtotal Cg-IEG	13,570,000	\$ 2,386,076	\$ 2,386,076	\$ -	-
Coal Displacement Gas Transportation (CDGT)	4,062,317	\$ 149,136	\$ 149,136	\$ -	-
Total Gas Rate Margin Revenue	720,050,483	\$ 142,046,846	\$ 134,879,850	\$ (7,166,996)	(5.05)%
Cost of Gas		\$ 220,432,544	\$ 220,432,544	\$ -	-
Total Gas Rate Revenue		\$ 362,479,390	\$ 355,312,394	\$ (7,166,996)	(1.98)%

Wisconsin Public Service Corporation

Present and Authorized Gas Rates

	Present Rates	Authorized Rates
<u>Residential</u>		
Daily Customer Charge - (Rg-3)	\$ 0.2301	\$ 0.2301
Daily Customer Charge - Seasonal Service (Rg-3)	\$ 0.4602	\$ 0.4602
Daily Customer Charge - (Rg-T)	\$ 0.3369	\$ 0.3369
Daily Transportaion Administrative Charge (Rg-T)	\$ 1.2329	\$ 1.2329
Volumetric Charges:		
Distribution Service Charge - (Rg-3)	\$ 0.2861	\$ 0.2613
Distribution Service Charge - (Rg-T)	\$ 0.2193	\$ 0.2193
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Rg-3)	\$ 0.0269	\$ 0.0269
<u>Standard Commercial (Cg-FST, Annual Usage < 2,000 therms)</u>		
Daily Customer Charge	\$ 0.2301	\$ 0.2301
Daily Customer Charge - Seasonal	\$ 0.4602	\$ 0.4602
Volumetric Charges:		
Distribution Service Charge	\$ 0.2861	\$ 0.2613
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge	\$ 0.0269	\$ 0.0269
<u>Small Commercial (Annual Usage 2,001 - 20,000 therms)</u>		
Daily Customer Charge - (Cg-FS)	\$ 0.6904	\$ 0.6904
Daily Customer Charge - Seasonal (Cg-FS)	\$ 1.3808	\$ 1.3808
Daily Customer Charge - (Cg-TS, TSA)	\$ 0.9863	\$ 0.9863
Telemetry Charge (Cg-TS)	\$ 0.8285	\$ 0.8285
Transportation Administrative Charge (Cg-TS, CG-TSA)	\$ 1.2329	\$ 1.2329
Volumetric Charges:		
Distribution Service Charge - (Cg-FS)	\$ 0.1587	\$ 0.1450
Distribution Service Charge - (Cg-TS, TSA)	\$ 0.1159	\$ 0.1159
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-FS)	\$ 0.0247	\$ 0.0247

Wisconsin Public Service Corporation

Present and Authorized Gas Rates

	Present Rates	Authorized Rates
<u>Medium Commercial (Annual Usage 20,001 - 200,000 therms)</u>		
Daily Customer Charge - (Cg-FM)	\$ 3.1233	\$ 3.1233
Daily Customer Charge - Seasonal (Cg-FM)	\$ 6.2466	\$ 6.2466
Daily Customer Charge - (Cg-IM, Cg-SOS-M, TM, TMA)	\$ 4.4384	\$ 4.4384
Telemetry Charge (Cg-IM, Cg-TM)	\$ 0.8285	\$ 0.8285
Transportation Administrative Charge (Cg-TM, Cg-TMA)	\$ 1.2329	\$ 1.2329
Volumetric Charges:		
Distribution Service Charge (FM)	\$ 0.1129	\$ 0.1040
Distribution Service Charge - (Cg-IM, Cg-SOS-M, TM, TMA)	\$ 0.0782	\$ 0.0782
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Gc-FM)	\$ 0.0247	\$ 0.0247
Gas Acquisition Charge (Gc-IM, Cg-SOS-M)	\$ 0.0210	\$ 0.0210
<u>Large Commercial (200,001 to 2,400,000)</u>		
Daily Customer Charge	\$ 19.5616	\$ 19.5616
Daily Customer Charge - Seasonal (Cg-FL)	\$ 39.1233	\$ 39.1233
Telemetry Charge (Cg-FL, Cg-IL, Cg-TL, Cg-SOS-L)	\$ 0.8285	\$ 0.8285
Transportation Administrative Charge (Cg-TL, Cg-TLA)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.1475	\$ 0.1475
Volumetric Charges:		
Distribution Service Charge	\$ 0.0353	\$ 0.0353
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-FL)	\$ 0.0180	\$ 0.0180
Gas Acquisition Charge (Cg-IL, Cg-SOS-L)	\$ 0.0162	\$ 0.0162
<u>S-Large Commercial (> 2,400,000)</u>		
Daily Basic Distribution Charge	\$ 127.6274	\$ 127.6274
Telemetry Charge (Cg-ISL, Cg-TSL)	\$ 0.8285	\$ 0.8285
Transportation Administrative Charge (Cg-TSL, Cg-TSLA)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.0833	\$ 0.0833
Volumetric Charges:		
Distribution Service Charge	\$ 0.0280	\$ 0.0280
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge (Cg-ISL)	\$ 0.0162	\$ 0.0162

Wisconsin Public Service Corporation

Present and Authorized Gas Rates

	Present Rates	Authorized Rates
<u>Interruptible Electric Generation (>200,000)</u>		
Daily Basic Distribution Charge	\$ 229.9726	\$ 229.9726
Telemetry Charge	\$ 0.8285	\$ 0.8285
Demand Charge	\$ 0.0649	\$ 0.0649
Volumetric Charges:		
Distribution Service Charge	\$ 0.0137	\$ 0.0137
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
Gas Acquisition Charge	\$ 0.0138	\$ 0.0138
<u>Coal Displacement Gas Transportation</u>		
Daily Basic Distribution Charge	\$ 127.6274	\$ 127.6274
Telemetry Charge	\$ 0.8285	\$ 0.8285
Transportation Administrative Charge (CDGT)	\$ 1.2329	\$ 1.2329
Demand Charge	\$ 0.0700	\$ 0.0700
Volumetric Charges:		
Distribution Service Charge (CDGT)	\$ 0.0202	\$ 0.0202
Daily Balancing Charge	\$ 0.0009	\$ 0.0009
<u>Base Average Cost of Gas Rates:</u>		
Commodity ("Comm") rate	\$ 0.4500	\$ 0.4500
Peak Day Demand ("D1") rate	\$ 0.1314	\$ 0.1314
Annual Demand ("D2") rate	\$ 0.0168	\$ 0.0168
Balancing ("Bal") rate	\$ 0.0062	\$ 0.0062

Wisconsin Public Service Corporation

Present and Authorized Gas Rates

	Present Rates	Authorized Rates
<u>Act 141 Volumetric Distribution Rates 1/</u>		
Residential (Rg-3)	\$ 0.0107	\$ 0.0107
Commercial & Industrial, Cg-ST (0 to 2,000)	\$ 0.0109	\$ 0.0109
Commercial & Industrial, Cg-S (2,001 to 20,000)	\$ 0.0109	\$ 0.0109
Commercial & Industrial, Cg-M (20,001 to 200,000)	\$ 0.0109	\$ 0.0109
Commercial & Industrial, Cg-L (200,001 to 2,400,000)	\$ 0.0109	\$ 0.0109
Commercial & Industrial, Cg-SL (> 2,400,000)	\$ 0.0109	\$ 0.0109
Interruptible Electric Generation, Cg-IEG (200,000+)	\$ 0.0109	\$ 0.0109
Coal Displacement Gas Transportation (CDGT)	\$ 0.0109	\$ 0.0109

1/ Act 141 volumetric distribution rates are included in the above volumetric Distribution Service Charges.

<u>Gas Revenue Stabilization Mechanism - 2011 Rate Adjustment 2/</u>		
Residential (Rg-3)	\$ 0.0183	\$ 0.0183
Commercial & Industrial, Cg-FST (0 to 2,000)	\$ 0.0183	\$ 0.0183
Commercial & Industrial, Cg-FS (2,001 to 20,000)	\$ 0.0234	\$ 0.0234
Commercial & Industrial, Cg-FM (20,001 to 200,000)	\$ 0.0234	\$ 0.0234

2/ Gas Revenue Stabilization Mechanism Adjustments are included in the above volumetric distribution service charges and sunset on December 31, 2012.

Wisconsin Public Service Corporation

Monthly Residential Bill Comparison

Gas Costs
Firm Sales Service

Summer
0.4730

Winter
0.6044

Monthly Use Therms	Current Customer Charge	Current Distribut'n Charges	Total Monthly Cost	Gas Costs	Total Costs	Authorized Customer Charges	Authorized Distribut'n Charges	Total Monthly Cost	Gas Costs	Total Costs	Monthly Bill Increase (Decrease)	Monthly Percent Increase (Decrease)
Rg-1: Residential Firm Sales Service During Summer Months												
5	\$ 7.00	\$ 1.57	\$ 8.57	\$ 2.36	\$ 10.93	\$ 7.00	\$ 1.45	\$ 8.44	\$ 2.36	\$ 10.81	\$ (0.12)	(1.13)%
15	\$ 7.00	\$ 4.71	\$ 11.71	\$ 7.09	\$ 18.80	\$ 7.00	\$ 4.34	\$ 11.34	\$ 7.09	\$ 18.43	\$ (0.37)	(1.98)%
26 avg.	\$ 7.00	\$ 8.16	\$ 15.16	\$ 12.30	\$ 27.46	\$ 7.00	\$ 7.52	\$ 14.52	\$ 12.30	\$ 26.81	\$ (0.64)	(2.35)%
35	\$ 7.00	\$ 10.99	\$ 17.99	\$ 16.55	\$ 34.54	\$ 7.00	\$ 10.12	\$ 17.12	\$ 16.55	\$ 33.67	\$ (0.87)	(2.51)%
50	\$ 7.00	\$ 15.70	\$ 22.69	\$ 23.65	\$ 46.34	\$ 7.00	\$ 14.46	\$ 21.45	\$ 23.65	\$ 45.10	\$ (1.24)	(2.68)%
75	\$ 7.00	\$ 23.54	\$ 30.54	\$ 35.47	\$ 66.02	\$ 7.00	\$ 21.68	\$ 28.68	\$ 35.47	\$ 64.16	\$ (1.86)	(2.82)%
103	\$ 7.00	\$ 32.33	\$ 39.33	\$ 48.72	\$ 88.05	\$ 7.00	\$ 29.78	\$ 36.78	\$ 48.72	\$ 85.49	\$ (2.55)	(2.90)%
125	\$ 7.00	\$ 39.24	\$ 46.24	\$ 59.12	\$ 105.36	\$ 7.00	\$ 36.14	\$ 43.14	\$ 59.12	\$ 102.26	\$ (3.10)	(2.94)%
150	\$ 7.00	\$ 47.09	\$ 54.08	\$ 70.95	\$ 125.03	\$ 7.00	\$ 43.37	\$ 50.36	\$ 70.95	\$ 121.31	\$ (3.72)	(2.98)%
200	\$ 7.00	\$ 62.78	\$ 69.78	\$ 94.60	\$ 164.38	\$ 7.00	\$ 57.82	\$ 64.82	\$ 94.60	\$ 159.42	\$ (4.96)	(3.02)%
300	\$ 7.00	\$ 94.17	\$ 101.17	\$ 141.90	\$ 243.07	\$ 7.00	\$ 86.73	\$ 93.73	\$ 141.90	\$ 235.63	\$ (7.44)	(3.06)%
Rg-1: Residential Firm Sales Service During Winter Months												
5	\$ 7.00	\$ 1.57	\$ 8.57	\$ 3.02	\$ 11.59	\$ 7.00	\$ 1.45	\$ 8.44	\$ 3.02	\$ 11.47	\$ (0.12)	(1.07)%
15	\$ 7.00	\$ 4.71	\$ 11.71	\$ 9.07	\$ 20.77	\$ 7.00	\$ 4.34	\$ 11.34	\$ 9.07	\$ 20.40	\$ (0.37)	(1.79)%
26	\$ 7.00	\$ 8.16	\$ 15.16	\$ 15.72	\$ 30.88	\$ 7.00	\$ 7.52	\$ 14.52	\$ 15.72	\$ 30.23	\$ (0.64)	(2.09)%
35	\$ 7.00	\$ 10.99	\$ 17.99	\$ 21.16	\$ 39.14	\$ 7.00	\$ 10.12	\$ 17.12	\$ 21.16	\$ 38.27	\$ (0.87)	(2.22)%
50	\$ 7.00	\$ 15.70	\$ 22.69	\$ 30.22	\$ 52.92	\$ 7.00	\$ 14.46	\$ 21.45	\$ 30.22	\$ 51.68	\$ (1.24)	(2.34)%
75	\$ 7.00	\$ 23.54	\$ 30.54	\$ 45.33	\$ 75.87	\$ 7.00	\$ 21.68	\$ 28.68	\$ 45.33	\$ 74.01	\$ (1.86)	(2.45)%
103	\$ 7.00	\$ 32.33	\$ 39.33	\$ 62.26	\$ 101.59	\$ 7.00	\$ 29.78	\$ 36.78	\$ 62.26	\$ 99.03	\$ (2.55)	(2.51)%
125 avg.	\$ 7.00	\$ 39.24	\$ 46.24	\$ 75.55	\$ 121.79	\$ 7.00	\$ 36.14	\$ 43.14	\$ 75.55	\$ 118.69	\$ (3.10)	(2.55)%
150	\$ 7.00	\$ 47.09	\$ 54.08	\$ 90.67	\$ 144.75	\$ 7.00	\$ 43.37	\$ 50.36	\$ 90.67	\$ 141.03	\$ (3.72)	(2.57)%
200	\$ 7.00	\$ 62.78	\$ 69.78	\$ 120.89	\$ 190.67	\$ 7.00	\$ 57.82	\$ 64.82	\$ 120.89	\$ 185.71	\$ (4.96)	(2.60)%
300	\$ 7.00	\$ 94.17	\$ 101.17	\$ 181.33	\$ 282.50	\$ 7.00	\$ 86.73	\$ 93.73	\$ 181.33	\$ 275.06	\$ (7.44)	(2.63)%
Avg. Annual Residential Billing												
774	\$ 83.99	\$ 242.96	\$ 326.95	\$ 447.33	\$ 774.27	\$ 83.99	\$ 223.76	\$ 307.75	\$ 447.33	\$ 755.08	\$ (19.20)	(2.48)%

Appendix D

Wisconsin Public Service Corporation

Monitored Fuel Costs for 2012

Month	Fuel Costs	MWh	\$ / MWh	Cumulative \$ / MWh
January	\$ 30,555,000	1,212,410	\$ 25.20	\$ 25.20
February	\$ 27,909,000	1,126,202	\$ 24.78	\$ 25.00
March	\$ 29,063,000	1,173,822	\$ 24.76	\$ 24.92
April	\$ 30,196,000	1,094,391	\$ 27.59	\$ 25.55
May	\$ 30,038,000	1,152,397	\$ 26.07	\$ 25.66
June	\$ 29,416,000	1,215,060	\$ 24.21	\$ 25.40
July	\$ 34,679,000	1,341,338	\$ 25.85	\$ 25.48
August	\$ 33,451,000	1,294,714	\$ 25.84	\$ 25.53
September	\$ 30,009,000	1,199,054	\$ 25.03	\$ 25.47
October	\$ 29,431,000	1,204,611	\$ 24.43	\$ 25.37
November	\$ 28,322,000	1,152,180	\$ 24.58	\$ 25.30
December	\$ 30,740,000	1,243,355	\$ 24.72	\$ 25.25
Total	\$ 363,809,000	14,409,534	\$ 25.25	\$ 25.25

Docket 6690-UR-120
Deferral Amortization Schedule

Deferral:	PSCW	Notes	Amortization Period	Test Year Amount	
	Deferral Authorization			Electric	Gas
DePere Energy Center Premium	6690-EB-104	4	2012-2023	\$ 2,280,420	\$0
Rail Car Recoveries	6690-UR-118	4	2012	70,520	0
Emission Allowances	6690-UR-119	4	2012	(1,440,916)	0
KNPP NQDT	05-EI-136	1	2012	(60,699)	0
KNPP - Loss on Sale (Contingent)	05-EI-136	1	2012	2,069,601	0
	6690-UR-117				
Weston 3 Lightning - Purchased Power	5-GF-120	1	2012-2014	2,800,000	0
	6690-UR-119				
Weston 3 Lightning - Purchased Power	5-GF-120	5	2012-2014	825,058	0
	6690-UR-119				
WUMS Socialization of MISO Congestion & Loss Costs & Credits	05-GF-165	4	2012	246,492	0
DMD and R&E Tax Credits	6690-GF-115	4	2012	268,987	0
Tax Deferrals	Precedent	3	2012	26,448	7,356
Conservation Escrow (pre-Act 141)	various	3	2012	5,413,354	1,727,057
Conservation Escrow (Act 141)	various	1	2012	12,550,412	5,736,716
Additional FOE payments	6690-UR-119	1,6,8	2012	0	111,243
2010 RSM Adjustment & 2009 Remaining	6690-UR-119	1,7	2012	504,502	7,099,722
Crane Creek Production Tax Credits	6690-UR-119	3	2012	654,958	0
Manufactured Gas Plant Cleanup	6690-UR-110	2	2012	0	(15,000)
Act 141 Deferred Costs from 2009	6690-UR-119	1	2012	(117,492)	(319,975)
High Country Wind Generation Pre-construction	6690-GF-122	4	2012	231,500	0
	6690-UR-120				
Totals				\$ 26,323,145	\$ 14,347,119

(1) Amount applies to Wisconsin Retail customers only.

(2) Amount allocated between Wisconsin and Michigan Retail customers.

(3) Amount allocated between all WPSC jurisdictions. (WI, MI, FERC)

(4) Amount allocated between Wisconsin Retail and FERC Market Based customers.

(5) Amount applies to FERC Market Based Rate customers only.

(6) The gas filing amount was \$7,165,547. This amount was increased to \$7,276,790 for 2012. The difference was credited in 2011. This amount was reduced by \$7,165,547 when FOE payments were reduced to 1.2%.

(7) The gas filing amount was \$8,282,372. This amount was reduced to \$7,099,722 for 2012. The difference was expensed in 2011.

(8) The electric filing amount was \$15,601,070. This amount was reduced by \$15,601,070 when FOE payments were reduced to 1.2% of revenues.